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# PRICE MOVEMENTS, JUNE, 1939 (PRELIMINARY)

## COMMODITIES

Industrial Material prices moved narrowly during June, at levels slightly below the average for the previous month. Unsteadiness in the latter half of May disappeared in June, and after easing from 65.2 for the week of June 2 to 65.1 for the week of June 16 the Dominion Bureau of Statistics' index rose to 65.3 for the final week. The Stable group, which has been working moderately lower since last October, rose 0.7 to 88.3 under the stimulus of firmer prices for wood and scrap iron, but the Sensitive index declined from 53.6 to 53.4, as Food Materials reacted sharply from the high of last month. Manufacturing Materials were firm and closed 0.3 up at 52.1. The General Wholesale Commodity index fell from 73.5 to 73.3 during the month. This compared with 79.9 for the closing week in June of last year. Net losses were shown by Vegetable Products, Non-Ferrous Metals, Non-Metallic Minerals and Chemicals, while Animal Products, Wood and Iron moved moderately higher. Canadian Farm Products declined 0.5 to 64.2.

## COST OF LIVING

A slight downward tendency in foods, fuel and motor operating costs caused the Dominion Bureau of Statistics' cost of living index for Canada to recede from 83.1 in May to 82.9 in June. Living costs have shown remarkable steadiness in the past ten months, the index remaining within a range of 1.4 per cent throughout that time. The average index of food prices fell from 74.6 to 74.3 between May and June, declines for veal, bacon, eggs, butter, cheese and potatoes exerting more influence than gains for beef, cooked ham, codfish, onions and sugar. A reduction in the coal sub-index from 85.7 to 85.5 and in that for coke from 83.4 to 81.7, resulted in a drop in the fuel index from 84.5 to 84.3. Slightly easier prices for tires and reductions in gasolene charges in one or two important centres, caused the motor operating costs sub-index to decline from 92.9 to 92.5. This resulted in a recession in the sundries index from 94.3 to 94.2. There were no changes of any importance recorded for other budgetary groups.

## STOCKS AND BONDS

Paralleling the downward tendency on foreign security markets common stock prices on Canadian exchanges turned sharply lower in June. Selling pressure, due to further complications in the international outlook, was more than sufficient to offset any seasonal improvement in domestic business. Losses in industrial shares were substantial and the section index for these issues dropped 7.2 per cent to 150.3. The sharp decline in oil shares, noted towards the end of May, continued through June and the sub-group index fell from 162.2 on May 31 to 146.5 at the end of June. Declines in utilities, though relatively less severe than in industrials, were general, and the utility section index receded from 44.2 on May 31 to 41.7 on June 30. Bank shares remained firm, the index finishing 0.4 points higher at 84.7. Closing at 92.8 the general index for 95 common stocks recorded a net monthly loss of 6.4 per cent and was within 0.2 points of its 1939 low touched on April 11. In the mining section, an index of base metal shares showed independent strength during the earlier half of the month, rising to 315.2 on June 12. It subsequently reacted to 296.0 at the close for a net loss of 14.7 points. Gold shares were comparatively steady until almost the end of the month when they dropped from an index level of 117.3 on June 24 to 113.5 on the 30th. The general index for 25 mining issues finished 3.6 per cent lower at 149.0. Despite widespread declines in other security markets, Dominion of Canada long-term bond prices held firm until the final day when the index dropped 0.3 to 117.7. It stood at 117.9 on May 31.

## FOREIGN EXCHANGE (Quotations are Montreal noon rates unless otherwise specified)

Following a weaker tendency during the earlier part of June, major foreign currencies strengthened against the Canadian dollar to close practically unchanged from levels ruling at the end of May. From $1.00 15/64 on May 31 United States funds declined to $1.00 1/8 on June 5, a rate unequalled since early March, 1938. Quotations subsequently stiffened from this point to $1.00 9/32 at the end of the month. Sterling spot rates declined to $4.6882 on June 8 but support from the Exchange Equalization fund moved quotations back to $4.6936 by June 30. Reflecting mounting international political tension discounts on sterling futures at New York increased sharply in the final days of the month. By the end of June discounts on 90-day forwards, New York discounts on London, had widened to 2 1/4¢ compared with 1 9/16¢ on the 28th. Internal political difficulties, which culminated in the resignation of the Colijn cabinet late in June, were the principal factors associated with a 60-point decline to 53.23¢ in the Netherlands florin. Rates quoted on several other currencies also showed substantial declines during the month. Mexican banking authorities suspended foreign exchange dealings in the peso on June 27 following the report that the United States Treasury would reduce the silver price paid to foreign producers. The peso immediately declined from 20.06¢ on the 27th to a nominal rate of 17.22¢ on the 30th.